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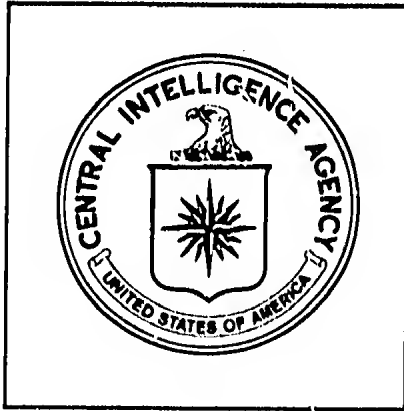
West. Europe, [REDACTED] Int. Organizations

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STAFF NOTES:

Western Europe

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118

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WESTERN EUROPE — [REDACTED] — INTERNATIONAL ORGANIZATIONS

This publication is prepared for regional specialists in the Washington community by the Western Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

CONTENTS

	Labor Talks Break Down in Denmark.	1-2
25X6	[REDACTED]	3
25X6	[REDACTED]	4-5
	The Nine Meet in Dublin.	6-7
	Doubt Cast on Authenticity of Military Manifestoes in Spain	8-9

March 6, 1975

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Phone: 143-6884

Labor Talks Break Down in Denmark

Danish Prime Minister Jorgensen has announced that his government will step in to break the deadlock in the ongoing national wage negotiations.

Labor talks broke down on March 4 over a controversial compromise proposed by the national mediator. Employers' groups rejected the motion because it would have meant a continuation of the wage-index system which they consider the primary cause of inflation. The labor unions balked at a minimum wage proposal that was insufficient in their view.

Under the Danish system, if either party rejects a proposal put forward by the state mediator, a no-contract situation exists and a general strike becomes a possibility. To preclude strikes, the government has intervened a number of times in recent years.

The government intends to introduce legislation shortly that will impose an incomes policy on the opposing sides. The legislation must be adopted by March 22 in order to prevent a strike.

Jorgensen's task will be to get majority backing for the legislation. The Moderate Liberals, who headed the last government, have already said that they will support the government only if the Social Democratic government accepts the budget proposals that led to former Prime Minister Hartling's downfall last month.

March 6, 1975

SECRET

The labor dispute is the first major test of the Jorgensen government. The Moderate Liberals' ultimatum will make inter-party negotiations difficult, but a compromise will probably be reached. The Danish public would not tolerate another government crisis, and the country's economic problems demand a speedy solution. (Confidential)

March 6, 1975

-2-

25X6

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The Nine Meet in Dublin

At their meeting in Dublin on March 10-11, the EC's nine heads of government will concentrate on the UK's renegotiation of its terms of membership and the European security conference.

Agreement on most aspects of UK renegotiation is in sight, but differences remain over how to adjust the budgetary contributions which are out of line with the members' relative economic standings. The principal obstacles to agreement on the formula advocated by Britain are Bonn's reluctance to increase its share of the budget and Paris' insistence that the formula apply to part but not all of the EC's revenue sources.

Britain and its EC partners are eager to end uncertainty over the UK's membership. The other eight want Wilson to make an unambiguous statement favoring continued membership. Bargaining in Dublin will undoubtedly be prolonged and is expected to have at least a show of cliff-hanging to enhance the chances for a favorable British vote in the pending referendum on EC membership later this year.

The discussion of the European security conference may turn out to be more of a general review of East-West relations than a detailed consideration of conference issues. The leaders are likely to devote some time, however, to a problem increasingly on their minds: how to sell the results of the conference to the public. Some West European participants have always feared that a sense of euphoria would be created in the aftermath of such a conference that would make it difficult to maintain public support for an adequate defense. An even more

March 6, 1975

-6-

SECRET

SECRET

difficult problem might develop over how to justify a conference outcome that may look like a Soviet victory. At a lower-level EC meeting on March 3, the participants held to a hard line on European Security issues, but spoke of a possible early end to the conference--for which the price is likely to be Western concessions.

The EC's policy on raw materials is also up for discussion on the basis of a short paper by the Commission. The Commission believes that the EC, being overwhelmingly dependent on imported raw materials, must have a positive attitude towards supplier demands, take the lead in the raw material producer-consumer dialogue, and adopt policies which insure both reliable prices for Europe and a new world balance fairer to all.

The traditional debate between smaller and larger members of the EC over the importance of observing a distinction between matters falling under the EC treaties and issues concerning political cooperation has been glossed over in a French-Irish compromise which promises to hold at least for the meeting in Dublin. Other problems, particularly energy policy, Cyprus, and the economic and social situation within the EC, are likely to be raised but they are expected to receive short shrift.

Agreement on the usually troublesome agricultural price issue was reached for the coming year in a council meeting on March 4. (Confidential No Foreign Dissem)

March 6, 1975

-7-

SECRET

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Doubt Cast on Authenticity of Military Manifestoes
in Spain

Since the arrest of two Spanish army officers in Barcelona on February 19, allegedly for protesting the use of the military in a police role, there have been various reports of a military "manifesto" on the same topic. The supposed existence of such a document has led to speculation that a military plot against the regime may be involved or at least that political discussions are taking place within the military in spite of warnings from the three service ministers that the military must remain above politics.

25X1C [REDACTED] have now provided copies of an unsigned protest letter which may have led to the reports. The letter closely resembles the arguments which the Communist-sponsored Democratic Junta has used in the past to try to appeal to the Spanish military, and the rhetorical tone does not match the prosaic style of most military writings. The letter does not appear to be authentic, and [REDACTED] consider the document to be a Communist fabrication.

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25X1X [REDACTED] also dismiss reports of a letter supposedly addressed to General Franco, signed by 2,000 officers, requesting him to resign as chief of state.

25X1X [REDACTED] has also concluded

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[REDACTED] that Major Busquets, one of the two officers whose arrest set off this speculation, is a well-known trouble maker who has criticized military policy in the past but who has no military following. Contrary to foreign press reports, the major never served on the staff of General Diez-Alegria, who was fired last summer from his post as chief of the Armed Forces Joint Staff in a policy dispute. Busquets may, in fact, have sought arrest with the idea of establishing credentials for a political career. On the other hand, there are some indications that he simply got carried away in

March 6, 1975

-8-

SECRET

his protest against the disciplining of a fellow officer, which the military insists led to his arrest.

Regardless of Busquets' motives or the authenticity of the manifestoes, the opposition groups are likely to exploit the development as evidence of unrest among junior military officers. Although Busquets does not appear to have any personal following, the event does suggest that there is some degree of military concern over possible misuse of the army in suppressing civil disorder. (Secret No Foreign Dissem/Controlled Dissem)

March 6, 1975

-9-

SECRET